



County of San Diego

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County of San Diego – Affordable Housing NOFA Update: **Designed for Comfort: Efficient Affordable Housing**

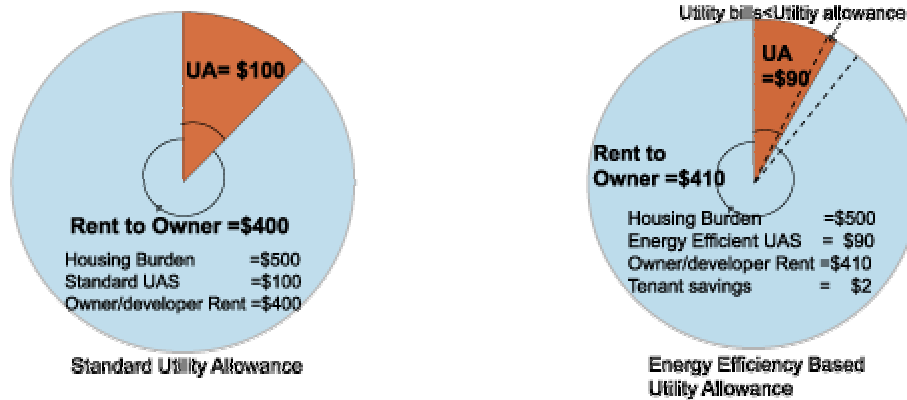
The County of San Diego Board of Supervisors has adopted the new **Energy Efficiency-Based and On-Site Generation Utility Allowance Schedules** as a means to promote energy efficiency and enhance the long-term financial viability of affordable housing.

Utility Allowance Schedules are used to determine the total amount of rent a tenant pays in an affordable housing unit. (monthly housing cost – utility allowance = monthly tenant rent paid to owner). The existing Standard Utility Allowance Schedule is published annually by the County Housing Authority and is used for rental units that have received federal housing funds such as Section 8, Community Development Block Grant and HOME Partnership programs.

Both of the new Utility Allowance Schedules are based on the existing County Housing Authority Standard Utility Allowance Schedule. They work on the principle that if a project is energy efficient, the utility allowance can be reduced, thereby allowing the savings amount to be added to the owner's rent, increasing project cash flow and enhancing the viability of affordable housing projects. This reduced Utility Allowance Schedule results in positive benefits to the project and owner, with no adverse effects on the tenant.

The implementation of this program can lower utility bills, save energy, and provide a long-term mechanism for owner-developers of affordable housing, to recover their investment in energy efficiency and on-site generation.

How the Energy Efficiency-Based Utility Allowance works: Energy efficient projects (new construction and rehab) may qualify for a utility allowance lower than the standard utility allowance to reflect lower utility bills. This alternate utility allowance shifts a portion of the utility savings back to the owner-developer in the form of rent, and the remaining savings to the tenant. (see pie chart below) Through the use of this new schedule, owner-developers of both new construction and existing properties can recoup some or all of their investment in energy efficiency upgrades without increasing the total housing burden on those tenants.



How to Qualify for the Energy Efficiency-Based Utility Allowance:

- Upgrade existing units to improve the current energy efficiency by at least 20% better than existing building conditions
- New construction need to exceed the 2001 Title 24 energy code by at least 15%
- All projects need to obtain the required inspections to verify energy efficiency improvements

How the On-Site Generation Utility Allowance Works: Projects that qualify for the On-Site Generation Utility Allowance may eliminate the electric portion of the utility allowance. Developers of new construction projects need to provide documentation that a correctly sized photovoltaics/solar energy system has been installed at the property to cover all, or a large portion of, the electric portion of the utilities. The owner-developer must also agree to pay any electric portion of the bill not covered by the on-site generation, in order to encourage appropriate systems sizing and performance. Rehab projects can qualify if the owner improves energy efficiency by 20% over existing conditions, as verified by a qualified third party.

How to Qualify for the Energy Efficiency-Based Utility Allowance:

- Install on-site generation system on the property
- Agree to pay any electric portion of the utilities
- Complete installation checklist
- Submit evidence of proper building department permits, inspections and sign-off
- Submit an affidavit from a California licensed engineer stating the average and minimum annual and peak output of the system

Benefits to Owners-Developers

- Energy efficiency and on-site generation increases property values
- Increases marketability of your unit(s)
- Allows you to pay off loans more quickly
- If you pay common area bills, you also save on utility bills
- Tenants save money on their utility bills
- Energy efficiency and on-site generation reduces pollution and environmental impacts
- Utility and California Energy Commission rebate programs may also be available to help offset the incremental costs of energy efficiency upgrades and on-site generation systems
- **County of San Diego Affordable Housing NOFA funds available for new construction, acquisition & rehab, or rehabilitation of an existing affordable project.**

Contact Todd Henderson at the County of San Diego Department of Housing and Community Development for more information: (858) 694-8790 or

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